

**URBANDALE-WINDSOR HEIGHTS  
SANITARY DISTRICT**  
Windsor Heights, Iowa

Financial Report

June 30, 2008

# URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT

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URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
BOARD OF TRUSTEES (as of June 30, 2008)		
Joseph Garvey, Jr.	President	January 2, 2011
Donald Broadbent	Treasurer	January 2, 2009
Harland E. Hayek	Clerk	January 2, 2013

ATTORNEY

Paul A. Drey



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
**Urbandale-Windsor Heights Sanitary District**

12368 Stratford Drive  
Suite 900  
Clive, Iowa 50325  
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We have audited the accompanying financial statements of the **Urbandale-Windsor Heights Sanitary District**, as of and for the year ended June 30, 2008, as listed in the table of contents of this report. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the financial statements, the District prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements and the cash balances of the **Urbandale-Windsor Heights Sanitary District** as of June 30, 2008, and the revenues received and expenditures paid for the year then ended on the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 - 7 and the budgetary comparison information on page 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on management's discussion and analysis.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information included in schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Corwin, Reichter & Company, P.C.*

Clive, Iowa  
December 1, 2008

## **URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**

### **Management's Discussion and Analysis**

June 30, 2008

**Urbandale-Windsor Heights Sanitary District** provides this management discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2008 Financial Highlights**

Operating receipts decreased 4%, or approximately \$29,000, from fiscal 2007 to fiscal 2008.

Operating disbursements decreased 25%, or approximately \$216,000, from fiscal 2007 to fiscal 2008, the difference due primarily to the District having made a scheduled \$200,000 payment on the Clive 28E agreement in fiscal year 2007, but not in fiscal year 2008.

Cash basis net assets increased 7%, or approximately \$280,000 from June 30, 2007 to June 30, 2008.

#### **Using this Annual Report**

##### **Basis of Accounting**

The District has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement. The annual report consists of the financial statements and other information, as follows:

**Management's Discussion and Analysis** introduces the financial statements and provides an analytical overview of the District's financial activities.

**Financial Statements** consisting of:

The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the District's operating receipts and disbursements, non-operating receipts and disbursements and whether the District's overall financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Receipts, Disbursements and changes in Fund Balances - Cash Basis shows current receipts and expenditures by fund and how much is available for future spending.

**Notes to the Financial Statements** provide additional information essential to a full understanding of the data provided in the financial statements.

## URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT

### Management's Discussion and Analysis

June 30, 2008

**Required Supplementary Information** further explains and supports the financial statements with a comparison of the District's budget for the year.

**Other Supplementary Information** provides detailed information about the District's cash and investments.

#### **Reporting the District's Financial Activities**

##### *The District's Reporting Entity Presentation*

This annual report includes all the activities for which the **Urbandale-Windsor Heights Sanitary District's** Board of Trustees is fiscally responsible.

##### *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of this statement is to present the receipts received by the District and the disbursements paid by the District, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the District's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for sewer fees from individuals and businesses within the District. Operating disbursements are disbursements paid to operate the sewer system. Non-operating receipts are for property taxes received and interest received on investments.

##### *Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*

The District has two types of funds. The Debt Service Fund is a Governmental fund type. The Debt Service Fund column shows the current activity in the fund and the balance available at the end of the fiscal year that can be spent to pay down future debt issued by the District. The District currently has no issued debt.

The second type of fund is a proprietary type fund, which is used to report the business type activities of the District. The General Fund reports the operating results from the District's basic service of providing sanitary sewer lines and facilities for the safe treatment and disposal of wastewater for property owners in the District.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT****Management's Discussion and Analysis**

June 30, 2008

**Financial Analysis of the District**

The District's total cash and investments increased by \$280,000 from a year ago, compared to a \$47,000 increase the previous fiscal year. The analysis that follows focuses on the changes in cash basis net assets.

	Year ended June 30,	
	<u>2008</u>	<u>2007</u>
Operating receipts:		
Sewer rentals	\$ <u>733,996</u>	<u>763,494</u>
Operating disbursements:		
WRA budget share	479,853	463,572
Clive 28E agreement	-	200,000
Other	<u>177,810</u>	<u>209,842</u>
	<u>657,663</u>	<u>873,414</u>
Excess of operating receipts over operating disbursements	<u>76,333</u>	<u>(109,920)</u>
Non-operating receipts:		
Real estate taxes	51,473	51,097
Interest on investments	<u>151,781</u>	<u>105,825</u>
	<u>203,254</u>	<u>156,922</u>
Net change in cash basis net assets	279,587	47,002
Cash basis net assets beginning of year	<u>3,636,904</u>	<u>3,589,902</u>
Cash basis net assets end of year	\$ <u>3,916,491</u>	<u>3,636,904</u>
Cash basis net assets:		
Unrestricted	\$ 3,886,545	3,607,729
Restricted for debt service	<u>29,946</u>	<u>29,175</u>
	\$ <u>3,916,491</u>	<u>3,636,904</u>

The District's source of operating receipts is sewer rentals, which represents 78% of their total receipts, including operating and non-operating. Non-operating receipts consist of interest earned on investments and real estate taxes collected.

The District is a participating core community in the Wastewater Reclamation Authority (WRA). As such, the District is required to pay the WRA for operation and maintenance costs based on a three year average flow, plus sewer improvements and construction. Together, these costs make up the WRA budget share, which is determined annually by the WRA. The current year budget share represents 73% of the District's operating expenses. In addition to this expense, the District has a 28E agreement with the city of Clive to properly share in the cost of WRA capacity charges. That agreement requires ten annual payments to the city of Clive from the District of \$200,000, beginning in September 2006. However, the September 2007 payment was not made during the current fiscal year, but is being made in September 2008. Therefore, in the fiscal year ended June 30, 2009, the District will pay \$400,000 to the city of Clive.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**  
Management's Discussion and Analysis  
June 30, 2008

**Individual Fund Analysis**

The District reported total cash basis net assets of \$3,916,491 at June 30, 2008 compared to \$3,636,904 at June 30, 2007. The net assets are reported in two funds: General and Debt Service.

The General Fund cash balance increased \$278,816 from the prior year to \$3,886,545. This fund is being methodically increased to fund anticipated costs for the District's share of new construction and improvements at the Metropolitan Wastewater Reclamation Authority (WRA).

**Budgetary Highlights**

There were no amendments to the District's budget during the current fiscal year. Actual receipts were \$14,250 less than budgeted receipts. Sewer rentals were \$66,004 less than budgeted and interest income exceeded the budget by \$50,781. Actual disbursements were \$519,087 less than budgeted disbursements. The WRA budget share was \$220,147 less than budgeted. Other disbursements, including the payment to Clive, were \$229,575 less than budgeted, while administrative/maintenance contracts were \$69,365 less than budgeted.

**Debt Administration**

The District has no bonds outstanding and has no immediate plans to issue new bonds.

**Economic Factors and Next Year's Budget and Rates**

The District's elected officials considered many factors when setting the fiscal year 2009 budget, tax rate and fees charged for the District sewer rental activity. Some of these factors are the economy, the population base, and the expected water usage of the District's residents. These indicators, among others, were taken into account when adopting the budget for fiscal year 2009. The District has added no major new projects or initiatives to the 2009 budget. As a result, the District does not anticipate any new bonds being issued during the fiscal year 2009.

**Contacting the District's Financial Management**

This financial report is designed to provide our property owners in the District, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Paul Drey by telephone at (515) 274-1450.



## **Financial Statements**

URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT

Statement of Cash Receipts, Disbursements  
and Changes in Cash Basis Net Assets  
Year Ended June 30, 2008

Operating receipts:	
Sewer rentals	\$ <u>733,996</u>
Operating disbursements:	
WRA budget share	479,853
Administration and maintance of system	100,635
Legal, accounting and auditing	60,779
Insurance	7,262
Trustee fees	5,900
Legislative fees	2,000
Publishing and postage	1,234
Total operating disbursements	<u>657,663</u>
Excess of operating receipts over operating disbursements	<u>76,333</u>
Non-operating receipts:	
Real estate taxes and utility tax replacement excise taxes	51,473
Interest on investments	151,781
Total non-operating receipts	<u>203,254</u>
Net change in cash basis net assets	279,587
Cash basis net assets beginning of year	<u>3,636,904</u>
Cash basis net assets end of year	\$ <u>3,916,491</u>
Cash basis net assets:	
Restricted for:	
Debt service	\$ 29,946
Unrestricted	<u>3,886,545</u>
Total cash basis net assets	\$ <u>3,916,491</u>

See accompanying notes to financial statements.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**

Statement of Cash Receipts, Disbursements  
and Changes in Fund Balances - Cash Basis  
Year ended June 30, 2008

		<u>General Fund</u>		<u>Debt</u>	
		<u>General and</u>	<u>WRA</u>	<u>Service</u>	<u>Total</u>
		<u>Administrative</u>		<u>Fund</u>	
Receipts:					
Real estate and personal property taxes	\$	51,473	-	-	51,473
Sewer rentals		110,099	623,897	-	733,996
Interest on investments		19,381	131,629	771	151,781
		<u>180,953</u>	<u>755,526</u>	<u>771</u>	<u>937,250</u>
Total receipts					
Disbursements:					
WRA budget share		-	479,853	-	479,853
Administrative/maintenance contracts		100,635	-	-	100,635
Legal, accounting and auditing fees		53,580	7,200	-	60,780
Insurance		7,262	-	-	7,262
Trustee fees		5,900	-	-	5,900
Legislation fees		2,000	-	-	2,000
Publishing and postage		1,233	-	-	1,233
		<u>170,610</u>	<u>487,053</u>	<u>-</u>	<u>657,663</u>
Total disbursements					
Excess (deficit) of receipts over disbursements		10,343	268,473	771	279,587
Internal transfer		<u>(214,231)</u>	<u>214,231</u>	<u>-</u>	<u>-</u>
Change in fund balance - cash basis		(203,888)	482,704	771	279,587
Fund balance beginning of year - cash basis		<u>702,136</u>	<u>2,905,593</u>	<u>29,175</u>	<u>3,636,904</u>
Fund balance end of year - cash basis	\$	<u>498,248</u>	<u>3,388,297</u>	<u>29,946</u>	<u>3,916,491</u>

See accompanying notes to financial statements.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**  
Notes to Financial Statements

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(1) Summary of Significant Accounting Policies

Reporting Entity

The **Urbandale-Windsor Heights Sanitary District** is incorporated under the laws of the state of Iowa. The District operates under a Board of Trustees consisting of three members. The District is an independent taxing authority organized under Chapter 358 of the Iowa Code and has the ability to issue debt. Therefore, its financial statements are not included in the financial statements of the cities of Urbandale or Windsor Heights. The purpose of the District is to provide sanitary sewer lines and facilities for the safe treatment and disposal of wastewater for property owners in its district. Its territory includes the city of Windsor Heights, Iowa, a small portion of Urbandale, Iowa, and a very small portion of Des Moines, Iowa, and is located in Polk County.

For financial reporting purposes, the District has included all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Measurement Focus and Basis of Accounting

The District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. In addition, infrastructure and other capital expenditures are expensed when purchased. Accordingly, the financial statements do not present financial position and results of operations of the District in accordance with U.S. generally accepted accounting principles for municipal enterprises.

Basis of Presentation

The statement of cash receipts, disbursements and changes in cash basis net assets reports information on all of the activities of the District. It distinguishes between operating and non-operating receipts and disbursements. Operating receipts and disbursements generally result from providing goods and services in connection with an ongoing operation. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

The statement of cash receipts, disbursement and changes in fund balances - cash basis reports the changes in fund balances for the year. The funds reported by the District are as follows:

General Fund - The General Fund is the general operating fund of the District. All general tax revenues and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges, and the capital improvement costs that are not paid through other funds. Within the General Fund, the District trustees have systematically allocated funds to support the District's current and future obligations to the Metropolitan Wastewater Reclamation Authority (WRA). As of June 30, 2008, \$3,388,297 of the General Fund balance is set aside for this purpose.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general obligation and special assessment long-term debt.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**  
Notes to Financial Statements

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(1) Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

The District's deposits at June 30, 2008 were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in notes, certificates, bonds, prime eligible bankers acceptances, certain high-rated commercial paper, perfected repurchase agreements, other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, time deposits or savings accounts in depositories approved by the Board of Trustees and the Treasurer of the state of Iowa, or in warrants or improvement certificates of a drainage district.

The District's investments at June 30, 2008 include certificates of deposit, and are stated at cost, which approximates market.

The District manages interest rate risk by varying the maturities of its certificates of deposit.

(3) WRA Project Financing Liability

The Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was formed in accordance with the provisions of Chapter 28E and/or 28F of the Code of Iowa. The District is a participating core community in the WRA. Under the amended and restated 28E-28F Agreement ("Agreement"), effective July 1, 2004, operation and maintenance costs related to the WRA and its plant facility are allocated to the participating communities on the basis of flow using a three year average. In addition, the Agreement provides for a schedule of capital sewer improvements and construction. The Agreement defines these capital sewer improvements in two basic categories: core projects and expansion projects. Debt service costs for capital sewer improvements identified as core projects are allocated to the participating core communities on the basis of flow using a three year average. Each year, the percentage of costs is reassigned based on this three year flow average. Debt service costs for capital sewer improvements defined as expansion projects are allocated among expansion communities based on the three year flow average. Again each year, the percentage of costs is reassigned based on this three year flow average. As a core community, the District is only assessed for the core projects.

The WRA anticipates that its budget will increase as a result of increases in operating and maintenance expenditures and increases in debt service for core and expansion projects. The District will be obligated to pay its proportionate share, calculated annually as defined above, of the operating and maintenance costs and core debt service. Future increases in the debt service are anticipated as bonds and/or State Revolving Fund obligations are issued to finance future core capital improvement projects. Because the calculation changes each year, the future obligations of the District for the debt service cannot be determined. For the years ended June 30, 2008 and 2007, the District's payments to the WRA for their share of the above costs totaled \$479,853 and \$463,572, respectively.

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**  
Notes to Financial Statements

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(4) WRA Capacity Commitment

The District entered into a 28E agreement with the city of Clive to properly share in the cost of WRA capacity charges. As set forth in note (3) above, the District is a core community. In order to maintain this designation, it was understood the District would take on additional cost attributable to the Southwest Diversion Project. Accordingly, the District agreed to pay the City of Clive ten annual payments of \$200,000 beginning in September 2006. The September 2007 payment was not made, therefore, two payments will be made in fiscal year 2008.

(5) Budgets and Budgetary Accounting

The budgetary comparison is reported as Required Supplementary Information.

In accordance with the Code of Iowa, the District Trustees annually adopt a budget on the cash basis following required public notice and hearing for all District funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon function, not by fund. For the District, the functions are general government and debt service. Function disbursements required to be budgeted include disbursements for the General Fund (inclusive of the WRA Fund) and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The budget was not amended during the year.

During the year ended June 30, 2008, disbursements did not exceed the total budgeted amounts.

**Required Supplementary Information**

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements and Changes in Balances -  
 Budget and Actual (Cash Basis)  
 Year ended June 30, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts:			
General fund:			
Property tax	\$ 49,981	48,894	1,087
Utility tax replacement excise taxes	1,492	1,106	386
Sewer rentals	733,996	800,000	(66,004)
Interest	151,010	100,000	51,010
Other	-	500	(500)
Debt service fund:			
Interest	<u>771</u>	<u>1,000</u>	<u>(229)</u>
Total receipts	<u>937,250</u>	<u>951,500</u>	<u>(14,250)</u>
Disbursements:			
General fund:			
Administrative/maintenance contracts	100,635	170,000	69,365
WRA budget share	479,853	700,000	220,147
Other	<u>77,175</u>	<u>306,750</u>	<u>229,575</u>
Total disbursements	<u>657,663</u>	<u>1,176,750</u>	<u>519,087</u>
Excess of receipts over disbursements	279,587	(225,250)	504,837
Net assets beginning of year	<u>3,636,904</u>	<u>3,636,904</u>	<u>-</u>
Net assets end of year	\$ <u>3,916,491</u>	<u>3,411,654</u>	<u>504,837</u>

See accompanying notes to financial statements.



**Other Supplementary Information**

URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT

Summary of Cash and Investment Balances

June 30, 2008

Cash:

First American Bank:

Checking account

\$ 2,836

Money market accounts

1,379,210

Total cash

1,382,046

Certificates of deposit:

Bank of the West

100,000

Bankers Trust Company

453,831

MetaBank

308,980

Freedom Financial Bank

558,957

First National Bank Midwest

912,843

Liberty Bank

199,834

Total certificates of deposit

2,534,445

Total cash and investments

\$ 3,916,491

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**

Investment Transactions

Year ended June 30, 2008

	Principal			Interest Received
	<u>Balance July 1, 2007</u>	<u>Purchased</u>	<u>Redeemed</u>	<u>Balance June 30, 2008</u>
Money market accounts	\$ 1,199,471	1,033,277	853,538	1,379,210
Certificates of deposit	<u>2,436,381</u>	<u>98,064</u>	<u>-</u>	<u>2,534,445</u>
	\$ <u>3,635,852</u>	<u>1,131,341</u>	<u>853,538</u>	<u>3,913,655</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Trustees  
Urbandale-Windsor Heights Sanitary District

We have audited the financial statements of **Urbandale-Windsor Heights Sanitary District**, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Urbandale-Windsor Heights Sanitary District's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Urbandale-Windsor Heights Sanitary District's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Urbandale-Windsor Heights Sanitary District's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **Urbandale-Windsor Heights Sanitary District's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood that a misstatement of **Urbandale-Windsor Heights Sanitary District's** financial statements that is more than inconsequential will not be prevented or detected by **Urbandale-Windsor Heights Sanitary District's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **Urbandale-Windsor Heights Sanitary District's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Urbandale-Windsor Heights Sanitary District's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Corwin, Reichter & Company, P.C.*

Clive, Iowa  
December 1, 2008

**URBANDALE-WINDSOR HEIGHTS SANITARY DISTRICT**

Schedule of Findings  
Year Ended June 30, 2008

Part I – Findings Related to the Financial Statements

No matters regarding reportable conditions, material weaknesses or instances of noncompliance relative to the financial statements were reported.

Part II – Findings Related to Required Statutory Reporting

Certified Budget

Disbursements during the year ended June 30, 2008 did not exceed the total amounts budgeted for the District.

Questionable Disbursements

No disbursements were identified that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Travel Expenses

No disbursements of District money for travel expenses of spouses of District trustees were noted.

Business Transactions

No business transactions between the District and District trustees were noted.

Bond Coverage

Surety bond coverage of District trustees is in accordance with statutory provisions.

Trustee Minutes

No transactions were found that we believe should have been approved in the Trustee minutes but were not.

Deposits and Investments

A resolution naming official depositories has been approved by the District. All deposits are held in depositories with the County in which the District resides. It was noted in the previous audit that the maximum deposit amounts stated in the previous resolution had been exceeded at one of the approved depositories. This situation was rectified with a new resolution adopted in November 2007.

Recommendation - The District should continue to monitor its official depositories and maximum deposit amounts to assure that they do not exceed the maximum balances which they have set.

Response - The District trustees will continue to monitor their deposits in accordance with their adopted investment policy.